

**LOUISIANA COMMUNITY ECONOMIC RESOURCE CENTER, INC.**

**Accountant's Review and Attestation Reports,  
With Financial Statements and  
Notes To the Financial Statements**

**For The Year Ended December 31, 2005**

**Deemer CPA and Consulting Services, LLC**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10-11-06

**Louisiana Community Economic Resource Network, Inc.**  
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**Accountant's Review Report**

To the Board of Director's of  
Louisiana Community Economic Resource Network, Inc.

I have reviewed the accompanying statement of financial position of Louisiana Community Economic Resource Network, Inc. (a non-profit corporation, herein referred to as LCERN) as of December 31, 2005, and the related statement of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of LCERN.

A review consists principally of inquiries of LCERN's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

*Deemer CPA and Consulting Services, LLC*  
Deemer CPA and Consulting Services, LLC  
New Orleans, Louisiana  
September 25, 2006

**LA Community Economic Resource Network  
Statement of Financial Position  
As of December 31, 2005**

<b>Assets</b>	
Current Assets	
Cash	<u>\$ 58,900</u>
Total Current Assets	58,900
 Total Assets	 <u>\$ 58,900</u>
<b>Liabilities and Net Assets</b>	
Current Liabilities	
Payroll liabilities	\$ 13,809
Line of Credit	<u>38,001</u>
Total Liabilities	51,810
<b>Net Assets</b>	
Unrestricted	<u>7,090</u>
Total Net Assets	7,090
Total Liabilities and Net Assets	<u><u>\$ 58,900</u></u>

The accompanying notes are an integral part of these financial statements.

**LA Community Economic Resource Network  
Statement of Activities  
For the Year Ended December 31, 2005**

**Revenues**

Grant Revenue	<u>\$ 244,564</u>
Total Revenues	244,564

**Expenses**

Program Expenses	211,215
Support Services	<u>29,231</u>
Total Expenses	<u>240,446</u>
Change in Net Assets	4,118
Net Assets Beginning of Period	<u>2,972</u>
Net Assets End of Period	<u><u>\$ 7,090</u></u>

The accompanying notes are an integral part of these financial statements.

**LA Economic Community Resource Network**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2005**

**Cash Flows From Operating Activities:**

Changes in Net Assets	\$ 4,118
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	2,249
Changes in Operating Assets and Liabilities	
Payroll Liabilities	11,868
Line of Credit	24,126
Accounts Payable	<u>(1,888)</u>
Net Cash Provided by Operating Activities	40,473

**Cash Flows From Investing Activities:**

Purchase of Fixed Assets	0
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**Cash Flows From Financing Activities:**

Proceeds/Retirement of Loan	0
Net Cash Increase for Period	40,473
Cash, At Beginning of Period January 1, 2004	<u>18,427</u>
Cash, At End of Period December 31, 2005	<u><u>\$ 58,900</u></u>

The accompanying notes are an integral part of these financial statements.

**Louisiana Community Economic Resource Network, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2005**

**1. Summary of Significant Accounting Principles**

**General** – Louisiana Community Economic Resource Network, Inc. (LCERN) is a nonprofit corporation located at 4205 ½ Canal Street, in New Orleans, Louisiana. The agency's "mission is to promote improving the quality of life for families in the New Orleans community." The organization pursues its mission through activities that promote economic development, empowerment of individuals and the community, and housing and family services.

**Basis of Accounting** - LCERN's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Property and Equipment** - The straight line method of depreciation is used for the assets owned by LCERN, Inc. The estimated useful life of those assets was 3 years. Depreciation expense for the year ended December 31, 2005, was \$2,249 which resulted in fully depreciated property and equipment.

**Income Taxes** - LCERN, Inc. has been determined a tax exempt organization by the Internal Revenue Service under Section 501 (c) 3 of the Internal Revenue Code.

**Cash** - Cash is comprised of cash on hand and in banks.

**2. Restrictions on Net Assets**

Restrictions placed on net assets are related to the funds received by LCERN, Inc. from state and federal grant awards. These assets are released from restrictions as grant rules and regulations are met by the organization.

**3. Line of Credit**

The agency secured a line of credit with a local bank which has current repayment terms. The bank may exercise its right to revoke the loan at any time.

**4. Economic Dependency**

LCERN, Inc. receives its funding from federal, state, and local grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

## **5. Subsequent Event**

A natural disaster occurred in the City of New Orleans and its surrounding parishes on August 29, 2005, which substantially impacted the operations of this agency. It damaged certain property and equipment purchased by the organization for use in its programs, and displaced many of its club members. The amount of damages sustained and future impact on the organizations' operations is indeterminable at this time.



**LA Community Economic Resource Network**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2005**

Expenses:	URBAN			TANF			General Fund	Grand Total
	Program Services	Support Services	Total Urban	Program Services	Support Services	Total TANF		
Payroll Expenses	0	0	0	137,197	13,508	150,705	0	150,705
Payroll Taxes	0	0	0	14,578	3,974	18,552	0	18,552
Rent Expense	0	0	0	11,006	0	11,006	0	11,006
Professional Services	6,510	0	6,510	13,600	0	13,600	0	20,110
Contract Labor	6,325	9,500	15,825	0	0	0	0	15,825
Supplies	3,394	0	3,394	13,510	0	13,510	0	16,904
Insurance	0	0	0	5,005	0	5,005	0	5,005
Transportation	0	0	0	90	0	90	0	90
Depreciation	0	0	0	0	0	0	2,249	2,249
<b>Total</b>	<b>\$ 16,229</b>	<b>\$ 9,500</b>	<b>\$ 25,729</b>	<b>\$ 194,986</b>	<b>\$ 17,482</b>	<b>\$ 212,468</b>	<b>\$ 2,249</b>	<b>\$ 240,446</b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
(For Attestation Engagements of Quasi-public Entities)

September 7, 2006

Deemer CPA and Consulting Services, LLC  
4335 Werner Drive  
New Orleans, Louisiana 70126

(Auditors)

In connection with your review of our financial statements as of December 31, 2005 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 7, 2006.

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation. *On August 29, 2005, our office was devastated by Hurricane Katrina. As a result, certain supporting documentation was destroyed - we continue to request alternate copies from third parties in an attempt to reconstruct our '05 files.*

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes ☒ No ☐

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

*N/A, there were no prior year findings.* Yes ☐ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

*L. Joyce Robinson* \_\_\_\_\_ Secretary

*9/17/06* \_\_\_\_\_ Date

*L. Shelby* \_\_\_\_\_ Treasurer

*9/2/06* \_\_\_\_\_ Date

*[Signature]* \_\_\_\_\_ President

*9/7/06* \_\_\_\_\_ Date

**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

To the Management of Louisiana Community Economic Resource Network, Inc.  
(LCERN)

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of LCERN, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about LCERN's compliance with certain laws and regulations during the year ended December 31, 2004 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Federal, State, and Local Awards***

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

LCERN's award expenditures for all programs for the fiscal year follow:

Grant Name	Grant Year	CFDA No.	Amount
<u>TANF -- Federal</u>	2005	93..558	212,468
<u>Governor's Office of Urban Affairs-State</u>	2005	n/a	25,729
<b>Total Expenditures</b>			<b>238,197</b>

2. For each Federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We requested supporting documentation for each of the six selected disbursements from each grant (total of 12) and found that payment was for the proper amount and made to the correct payee for seven of 12 items sampled. The canceled checks were not available for the remaining items sampled.

4. For the items selected in procedure 2, we determined if the six disbursements from each grant were properly coded to the correct fund and general ledger account.

Seven of twelve disbursements were properly coded to the correct fund and general ledger account according to supporting documentation. However, there was no supporting documentation available for five items to determine the appropriateness of coding to the general ledger and fund.

5. For the items selected in procedure 2, we determined whether the six disbursements from each grant received approval from proper authorities.

Inspection of documentation supporting seven of twelve selected disbursements indicated approvals from the executive director. However, due to the loss of 2005 files, certain documentation was not available for five sampled items.

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements in the Compliance Supplement and for the state award, we determined whether the disbursements complied with the grant agreement, relating to:

#### Activities allowed or unallowed:

We reviewed the previously listed disbursements for types of services allowed or not allowed. Seven of twelve disbursements appeared to be for activities allowed. Certain supporting documentation was not available for five transactions, however, a review of the general ledger descriptions did not indicate unallowed activities.

#### Eligibility

We reviewed the previously listed disbursements for eligibility requirements. Seven of twelve disbursements appeared to be eligible. The items were agreed to previously budgeted line items.

## **Reporting**

We reviewed the previously listed disbursements for reporting requirements. The disbursements were traced to reimbursement requests and expenditure details as reported to granting agencies.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

The Governor's Office of Urban Affairs funding ended for this agency, however, I was advised that the granting agency did not require a close out report. The year-end actual to budget expenditure detail was reviewed without exceptions. There were no close-out reports completed for either funding source at this agency.

## **Meetings**

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

LCERN is only required to post a notice of each meeting and the accompanying agenda on the door of their office building. Management asserts that such documents were properly posted, however, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

## **Comprehensive Budget**

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

LCERN provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

## **Prior Comments and Recommendations**


10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

In the agreed-upon procedures engagement for the year ended December 31, 2004, we reported no current findings.

We have advised the agency of their need to develop a plan for records maintenance in case of a catastrophic event. The findings detailed previously in this report relate directly to the devastation their office experienced from Hurricane Katrina. Management has informed us that they are in the process of developing a plan in this area and that they continue to attempt to retrieve copies of documents from third parties in an attempt to reconstruct their 2005 files.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Louisiana Community Economic Resource Network, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Deemer CPA and Consulting Services, LLC".

Deemer CPA and Consulting Services, LLC

September 25, 2006

**Louisiana Community Economic Resource Network  
4205 ½ Canal Street  
New Orleans, Louisiana 70119**

September 25, 2006

Office of the Legislative Auditor  
1600 N. 3<sup>rd</sup> Street  
Baton Rouge, LA 70802

To Whom It May Concern:

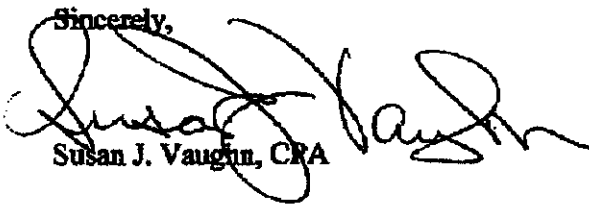
In response to the recommendation made in the Accountant's Review and Attestation Report prepared by Deemer CPA and Consulting Services, LLC, we offer the following:

**Recommendation:** Develop a plan for records maintenance in case of a catastrophic event

**Corrective Action:** We are in the process of developing a game plan for maintaining our accounting records and corresponding files at a secondary location. The game plan will include working with third parties to review their systems for back up procedures for support documentation.

If you have any questions, please contact me at (972) 941-9208

Sincerely,



Susan J. Vaughn, CPA

Cc Deemer CPA and Consulting Services, LLC